

Identification of the Area

Name or Designation: **Area 30: Downtown Seattle**

Area 30 is known as the Seattle Central Business District (CBD) or Downtown Seattle and includes the following neighborhoods: The International Historic District (30-10), Pioneer Square Historic District (30-20), Downtown Office Core II (Area 30-30 and Area 30-70), Downtown Office Core I (Area 30-40), Downtown Mixed Commercial/West Edge (Area 30-50), Downtown Retail Core (Area 30-60), Downtown Mixed Commercial/Denny Triangle (Area 30-100) and the Pike Place Market Historic District (Area 30-80).

Boundaries:

Area 30 is bounded to the north by Denny Way and bounded to the east by the Interstate 5 freeway. The southern border is west along S. Dearborn St. to 4th Avenue S. then to S. King Street. It is bounded to the west by Alaskan Way and then zigzagging through Belltown from Lenora back to Denny following zoning boundaries.

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

Area 30 is King County's most dense and populous commercial area both in total building area and working population. It is the county's major employment center, a lively tourist and convention attraction, a strong shopping magnet, a burgeoning residential market, a major governmental matrix as well as a regional cultural and entertainment hub. The CBD's unique neighborhood identity reflects its role as the county's primary urban center. Area 30 is comprised of Seattle's Retail Core, Financial Center/Office Core, City and County and Federal Government Centers, Pike Place Market Historic District, Pioneer Square Historic District, International Historical District and the Denny Triangle. High-rise residential has a rapidly increasing presence which is changing the look and ambience of the CBD.

Area 30 is subdivided into nine neighborhoods and typically distinguished by their predominant zoning classification. The following is a brief description of each.

International Historic District (IDM 75-85, IDM 65-150, IDM 100-120, IDR 150): Neighborhood 30-10

Boundaries: The International District and is defined by IDM and IDR zonings. It is bounded to the south by Dearborn St., to the west by Fourth Ave S., to the north by Yesler Way and to the east by I-5.

Neighborhood Description: The International District is a designated historic area consisting of older existing buildings that are located adjacent and to the Pioneer Square Historic District, Safeco Field, and Seattle Central Business District. The International District has IDM and IDR zones that are historic property overlays restricting redevelopment and requiring a public review to change the exterior or use of any building. The International Special Review District was established in 1973 to preserve the area's cultural and historical character. The Seattle Chinatown-International District Preservation Development Authority (PDA) was created in 1975 as a public corporation to redevelop historic buildings for a number of uses, most importantly, low-income housing.

Recent developments are the new office/low-income housing redevelopment of the Hong Kong and Alps buildings, the new apartments at 7th and Weller and new apartments at 6th and Washington. The redevelopment of the old Kong Yick Bldg. into the new Wing Luke Museum will be completed late this year and the new fire station/emergency center at 5th and Yesler will be completed next year.

The competing neighborhood to this area is Area 30-20, the Pioneer Square Historic District. Both of these neighborhoods with the Pike Place Market Historical District are designated historical areas and have zone classifications that restrict redevelopment conforming to historical requirements and are subject to review boards and Seattle's Department of Neighborhoods.

The Pioneer Square Historic District (PSM 100, PSM 100-120, PSM 245): Area 30-20

Boundaries: This neighborhood is defined by the boundaries of the Pioneer Square Mixed zone classification established by the City of Seattle. The northern boundary zigzags from Columbia Street and First Avenue to Cherry Street and Second Avenue to James Street and Third Avenue to Jefferson Street. The southern boundary is along King Street to Occidental Street to South Dearborn Street. The western boundary is along Alaskan Way, and the eastern boundary is along Fourth Avenue.

Neighborhood Description: Pioneer Square Historic District is Seattle's first neighborhood and first historic district. Pioneer Square is a well-preserved commercial neighborhood located in Seattle's original commercial center, just north of the Qwest Football Stadium. Pioneer Square is home to residents, galleries, shops, and restaurants as well as distribution and technology firms. The late nineteenth century brick and stone buildings characterize the District, many built in the Romanesque Revival style that was popular when the city rebuilt its central core after a

devastating fire in 1889. According to the Pioneer Square Preservation District Urban Conservation report from the City of Seattle Department of Neighborhoods, Pioneer Square has the largest collection of such buildings in the country. Established as a preservation district in 1970, the neighborhood is protected by design guidelines focused on preserving its unique historic and architectural character and assuring the sensitive rehabilitation of buildings. Successful implementation of these guidelines has made Pioneer Square one of Seattle's most treasured neighborhoods, which draws thousands of visitors and tourists each year.

The Pioneer Square Historic District, like the International Historic District and the Pike Place Market Historic District has a Review Board to review and to approve any design change to the exterior of existing structures. Their duties include implementing use and design guidelines establishing preservation of the neighborhood's appeal as to complement and enhance the historic character of the District and to retain the quality and continuity of existing buildings.

New construction and additions to existing buildings are discouraged unless they are part of the original structures. New construction and remodeling must be visually compatible with the predominant architectural style of the other buildings in the district. Although new projects need not attempt to duplicate original facades, the design process should involve serious consideration of the typical historic building character within the district. The district's guidelines for building, restoration and renovation include the stabilization of significant historical detailing, respecting the original architectural style and use of compatible scale and materials.

Demolition or removal of buildings or other structures in the Historic Districts is prohibited unless approved by the Review Board. The following prerequisites for approval for building demolition or removal are: existing buildings or structures do not contain any architectural or historic significance; use and design of the replacement structure; commitment for interim and long-term financing for the replacement structure has been secured with adequate financial backing to ensure completion of the project; satisfactory arrangements have been made for retention of any part of the structure's façade; and satisfactory assurance is provided that new construction will be completed within two (2) years of demolition.

Any and all restrictions to the inherent bundle of rights associated with the fee simple ownership of real estate are considered in the valuation of properties within historic districts.

Recent activity in the area includes the completion later this year of the new 13 story low-income housing development at 2nd and Yesler, the rehab of the Moses Building, the conversion of the Lowman Building into apartments, the rehab of the Masin's Furniture Store and the rehab of the King Street Station.

Downtown Mixed Commercial (DMC 340/290/400): Neighborhood 30-30

Boundaries: This neighborhood is comprised of a small area bordered on the north and east by the DOC 1 neighborhood (30-40) and bordered to the south and west by the International and Pioneer Square Historic Districts. It is a narrow strip that zigzags from to the southeast from 1st Avenue to 6th Avenue and between Madison St. and Yesler Way.

Neighborhood Description: Neighborhood 30-30 contains the government core and has the Henry Jackson Federal Office Building, the King County Courthouse, King County Administration Building, social service buildings and private office buildings. Its zoning was meant to act as a buffer area between the high-rise office buildings in DOC 1 and the limited height buildings of the bordering historic districts.

The recently completed Goat Hill Parking Garage and the new county administrative office building being built across 5th Ave. are the latest projects in this neighborhood. The city's proposed mixed use development and park replacing the demolished Public Safety Building will also be in this neighborhood.

Downtown Office Core 1 (DOC 1 U/450/U: Neighborhood 30-40)

Boundaries: The Downtown Office Core 1 (DOC 1) zone is bounded to the north by Union Street, to the east by Interstate 5, to the south by an irregular stepped boundary from Jefferson Street to a position mid-block between First Avenue and Second Avenue on Madison Street and then north to Union Street.

Neighborhood Description: DOC 1 is the portion of Seattle's Central Business District with the highest density. High-rise office buildings and major hotels exemplify the highest intensity of land use. This neighborhood has all the major high-rise office buildings as well as Benaroya Hall and the Seattle Art Museum, two of Seattle's main cultural resources. The city's new Library, Justice Center and City Hall are also in this neighborhood.

The new zone classification in this neighborhood allows for the greatest density in the county. There is effectively **no height limitation** for this zone.

The new WAMU Tower/Seattle Art Museum is being built in this neighborhood. New residential projects are also being completed including the new 5th and Madison condo and the conversion of the Cobb Bldg. into condos. There are few new projects because this neighborhood has very few vacant lots and almost no availability of developable sites.

Downtown Mixed Commercial (DMC 160 & DMC 125): Neighborhood 30-50

Boundaries: Neighborhood 30-50 is bounded to the north by Virginia St, to the east by 1st Avenue, to the south by Columbia St. and to the west by Alaskan Way and First Avenue.

Neighborhood Description: Neighborhood 30-50, also called the “West Edge” neighborhood, consists of a mixed use of office, parking, retail, residential and warehouses structures as well as surface parking lots. This area is in a slow process of revitalization with several buildings having been remodeled or renovated recently. This neighborhood, along with Pioneer Square, is the most heavily impacted by the uncertainty of the Viaduct.

Area 30-50 is zoned as a narrow band intended to scale down building heights from DOC 1, DOC 2 and DMC zones towards Elliott Bay. The new Coleman Center is being planned for this neighborhood.

Downtown Retail Core: Neighborhood 30-60

Boundaries: The Downtown Retail Core (DRC) is bounded to the north by Olive Way, to the east by 6th Avenue, to the south by Union Street and to the west by Second Avenue.

Neighborhood Description: The Downtown Retail Core is Seattle’s major retail center and is considered a strong shopping magnet with a lively tourist and convention attraction. The area consists of major department stores, movie theaters, residential, offices, shopping malls and many street-level retail stores and restaurants. Retail vacancies are at an all time low and rents at an all time high. There is very little availability of properties for lease or purchase.

A large percentage of buildings in this neighborhood have historical designations. This is a neighborhood of buildings with generally much lower heights than the surrounding neighborhoods. Many of the buildings are richly ornamented and architecturally distinctive.

The zone classification is Downtown Retail Core 85-150 (DRC 85-150), which allows a building height limit from 85 to 150 feet, coupled with significant retail requirements. This scaled-down zoning allows for an abundance of natural light, spaciousness and a casual/comfortable ambience.

Downtown Office Core 2 (DOC 2 500-300/500): Neighborhood 30-70

Boundaries: Neighborhood 30-70 is bounded to the north by Blanchard St., to the east by 9th Avenue, to the south by Union St. and to the west by 3rd Avenue. It is very irregular and its boundaries move in a zigzag pattern with the zoning. It is part of the Denny triangle area and also extends west across Westlake Avenue.

Neighborhood Description:

Neighborhood 30-70 can be considered as similar to the retail and office cores because parts of the uses in adjacent zonings spill into this zone. This area consists of mid to high-rise office, hotels, condos, parking lots, retail structures and two auto dealerships. Most of the older existing

retail and office buildings and have been remodeled and/or renovated. Pacific Place, The Washington State Convention Center and the Paramount Theater are in this neighborhood.

There has been much interest in this neighborhood lately as evidenced by vacant land sales and new construction activity. Even more new development is planned with land sales brisk and developers tying up land with purchase options. This seems to be an area of intense interest for immediate development. Recent land sales of developable properties have been surprisingly high as assemblage takes on high priority. The new “Cosmopolitan” and “Olive 8” residential projects are in this area. New office projects at 8th and Westlake and at 9th and Stewart have broken ground. Four more office/residential/hotel towers are either breaking ground or planned with permits in place.

Pike Place Market Historic District (PPM-85): Neighborhood 30-80

Boundaries: Pike Place Market is bounded to the north by Lenora St., to the east by 1st Avenue, to the south by Union St. and to the west by the viaduct.

Neighborhood Description: Seattle’s Pike Place Market is the last farmer’s market in the United States, which has not been modernized. It was established by an ordinance in 1907. By 1917, much of the Market we know today was constructed, which is known as the Economy Market, Corner Market, Sanitary Market, and the lower levels of the Main Market. In the 1920’s and 1930’s when farmers grew their produce closer to Seattle, there were more farmers’ stalls than there are now. Nevertheless, loss of these stalls has been made up by a greater variety of other vendors and retail outlets. In November of 1971, the people of Seattle, by initiative measure, voted to preserve the character and flavor of this market for all time. Specifically, they established a seven-acre Pike Place Market Historical District to be administered by a twelve-member citizen commission with the aid and cooperation of the city’s Department of Community Development and Department of Neighborhoods.

Today, remodeled/rehab’d retail stores, apartments, hotels, restaurants, and newer mixed-use condominiums/apartments surround the public areas within the zone. The Market is Seattle’s number one tourist attraction.

The guidelines for redevelopment are very similar to those described in the Pioneer Square and the International District sections and use restrictions are considered in valuation.

Downtown Mixed Commercial (DMC 340/290-400 & DMC 240/290-400) Neighborhood 30-100

Boundaries: Neighborhood 30-100 is bounded to the north by Denny Way, to the east by I-5, to the southeast by Olive Way, to the southwest by Madison St. and to the west by 2nd Avenue.

This zoning wraps around the DOC 1 and DOC 2 zoned areas creating a stepped height limit from those zones encouraging a pleasing shape to the city.

Neighborhood Description:

Neighborhood 30-100 is part of the Denny Triangle area where there are mixed-use condos, offices, retail stores, auto services, two colleges, hotels, and parking lots. This is the neighborhood where the zoning changes have made the greatest impact. Many properties with former height limits of 125' or 160' have been up-zoned to 400' and have very large resulting increases in value.

Area 30-100's zoning allows for a great variety of uses. It is now in the process of revitalization. In the past two years several existing older buildings have been remodeled, renovated, or demolished to add new mid-rise structures, mostly apartments and condominiums with mixed-use commercial. "2200 Westlake" has recently been completed with its sister project "2201 Westlake" now in construction across the street. Also Cornish School of Arts has increased its' presence with the purchase and redevelopment of two older buildings with plans for more.

Physical Inspection Identification:

The neighborhoods that were physically inspected for the 2007 assessment year are the International District (30-10) and the Downtown Retail Core (30-60).

Preliminary Ratio Analysis

A Ratio Study was completed just prior to the application of the 2007 recommended values. This study benchmarks the current assessment level using 2006 posted values. The study was also repeated after application of the 2007 recommended values. The results are included in the validation section of this report, showing improvement in the Coefficient of Variation (COV) from 25.04% to 13.5%, Coefficient of Dispersion (COD) from 19.6% to 10.41%, and the weighted mean statistical measure of assessment level went from 89.8% to 1.085%. In the current fast-rising market, the assessed values of properties which sold in 2004 seems somewhat high however this is typical of a fast rising market where rents are increasing, occupancy rising and cap rates dropping.

Scope of Data

Land Value Data:

Vacant sales from 1/9/2004 TO 9/29/2006 were given primary consideration for valuing land. Improved sales with demolition, new construction and renovation activities after the sale date represent tear down, "shell" sales or interim use sales. Those sales have been analyzed to reflect

improvement contributions to overall price, where appropriate, thereby indicating the value allocation to the land.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified, if possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides in the Assessor's procedure manual located in the Public Information area of the King County Administration Building.

Land Value

Land Sales, Analysis, Conclusions

There were 28 recent market sales considered in the Area 30 land valuation analysis. The market indicates change in overall land values since the 2006 revalue. The neighborhoods within Area 30 are typically distinguished by their predominant zone classification. Some adjustments have been made to improve uniformity. In analyzing the sales in Area 30, subject neighborhood and zoning were considered first. Then, sales from other competing neighborhoods were considered in the absence of sales within the subject neighborhood. Downtown Seattle zonings are unique in the county and permit the highest densities.

The Seattle City Council adopted new zoning changes for the CBD on April 3, 2006. The new zoning increases density in most zones in the CBD by raising height limits and Floor Area Ratios (FAR's). The market has responded to the zoning changes by large increases in prices paid for affected land. The new zoning may be found in the addendum.

The following is a table used in the finalization of land valuation for each of the zone classifications.

Neighborhood	Zone Designation	Land Value/ SF of Land Area
10	IDM 75-85	\$100
10	IDM 100-120	\$105
10	IDR 150	\$115
20	PSM 85-120	\$160
20	PSM 100	\$160
20	PSM 100-120	\$160
20	PSM 345	\$200
40	DOC1-U/450/U	\$525 - 550
30, 100	DMC-340/290-400	\$350
60	DRC85-150	\$300
70	DOC2-500/300-500	\$350 - 400
80	PMM-85	\$150
100	DMC-125	\$200
50	DMC-160	\$140 - 180
100	DMC-240/290-400	\$350 - 375

In addition to the adjustments made for the reasons stated on the preceding pages, an attempt to recognize additional development rights over and above the rights commensurate with the zoning classification was made. Many lots have transferred development rights (TDR's) to other parcels thereby reducing or eliminating the potential for development on one parcel and increasing the density of development on another parcel.

The total land assessed value for the 2006 assessment year for Area 30 was \$1,582,938,391 and the total land assessed value for the 2007 assessment year is \$2,267,229,300. Application of these recommended values for the 2007 assessment year (taxes payable in 2008) results in change from the 2006 assessments of + 43.23%. Overall land values increased in all zones. Downward adjustments made for small parcels, odd shaped parcels; railroad parcels and viaduct proximity have been eliminated because the sales market does not appear to recognize these characteristics.

A list of vacant sales used and those considered not reflective of the market value are included in the following sections.

Improved Parcel Total Values:

Sales comparison approach model description

The sales presented in the Improved Sales Used list range in date from 4/01/2004 to 1/3/2007. There were 48 improved sales in Area 30 considered as good, with 42 being used in the ratio study. The 6 sales not used in the ratio study have had improvement data characteristic changes noted in the remarks of the “sales used” spreadsheet. These are fair market transactions reflective of market conditions at the time sale. The Sales Comparison Approach was used to set value, correlate income values and set condo values.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift Valuation modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Cost estimates were relied upon in the valuation of schools, churches, museums and most buildings in special/public/governmental use.

Cost calibration

The Marshall & Swift Valuation modeling system, which is built into the Real Property Application, is calibrated to the region and the Seattle area.

Income capitalization approach model description

The Income Approach was utilized for many properties throughout Area 30. Income parameters were derived from the market place through the sales listed as well as through market surveys, appeals and available publications. This information along with other sources was relied upon in the estimation of market value via the Income Approach to valuation.

An individual analysis was done for each neighborhood within area 30. Income parameters differed somewhat significantly from neighborhood to neighborhood in some instances and even within neighborhoods in others. A general description of the income parameters used in each neighborhood follows. Income Tables were used in all neighborhoods.

NEIGHBORHOOD 10: INTERNATIONAL DISTRICT

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$12-\$26
TYPICAL LEASE RATE (NNN)	\$14-\$20
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	7%
CAPTIALIZATION RATE RANGE	7.5%-9%

OFFICE

LEASE RATE RANGE (NNN)	\$12-\$20
TYPICAL LEASE RATE (NNN)	\$14-\$16
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	\$3-\$7
CAPTIALIZATION RATE RANGE	7.5%-8%

APARTMENTS, MULTI RESIDENCES ETC.

LEASE RATE RANGE	\$10-\$24
TYPICAL LEASE RATE	\$12-\$18
VACANCY AND COLLECTION LOSS	7%
OPERATING EXPENSES	\$3-\$4.00
CAPTIALIZATION RATE RANGE	7.5%-9%

STORAGE

LEASE RATE RANGE (NNN)	\$4-\$8
TYPICAL LEASE RATE (NNN)	\$6
VACANCY AND COLLECTION LOSS	7%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	8%

NEIGHBORHOOD 20: PIONEER SQUARE

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$12-\$28
TYPICAL LEASE RATE (NNN)	\$16-\$24
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.25%-9%

OFFICE

LEASE RATE RANGE	\$12-\$30
TYPICAL LEASE RATE	\$15-\$21
VACANCY AND COLLECTION LOSS	18%
OPERATING EXPENSES	\$6-\$7.50
CAPTIALIZATION RATE RANGE	8%-9%

BASEMENT OFFICE & RETAIL

LEASE RATE RANGE	\$7-\$14
TYPICAL LEASE RATE	\$9-\$13
VACANCY AND COLLECTION LOSS	20%
OPERATING EXPENSES	35%
CAPTIALIZATION RATE RANGE	9%

APARTMENTS, MULTI RESIDENCES ETC.

LEASE RATE RANGE	\$10-\$21
TYPICAL LEASE RATE	\$13-\$17
VACANCY AND COLLECTION LOSS	12%
OPERATING EXPENSES	30%
CAPTIALIZATION RATE RANGE	8%-9%

STORAGE

LEASE RATE RANGE (NNN)	\$4-\$10
TYPICAL LEASE RATE (NNN)	\$7
VACANCY AND COLLECTION LOSS	12%
OPERATING EXPENSES	7%
CAPTIALIZATION RATE RANGE	8%

NEIGHBORHOOD 30: DOWNTOWN OFFICE CORE II (SOUTH PORTION)**OFFICE**

LEASE RATE RANGE	\$13-\$28
TYPICAL LEASE RATE	\$17-\$22
VACANCY AND COLLECTION LOSS	12%
OPERATING EXPENSES	\$7.50
CAPTIALIZATION RATE RANGE	7.5%-9%

RETAIL, RESTAURANTS,

LEASE RATE RANGE (NNN)	\$13-\$28
TYPICAL LEASE RATE (NNN)	\$17-\$22
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	8%-9%

NEIGHBORHOOD 40: DOWNTOWN OFFICE CORE I**OFFICE**

LEASE RATE RANGE	\$12-\$28
TYPICAL LEASE RATE	\$16-\$22
VACANCY AND COLLECTION LOSS	12%
OPERATING EXPENSES	\$7.50-\$8.50
CAPTIALIZATION RATE RANGE	7.5%-9%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$13-\$28
TYPICAL LEASE RATE (NNN)	\$16-\$22
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.5%-8.50%

NEIGHBORHOOD 50: DOWNTOWN MIXED COMMERCIAL

OFFICE

LEASE RATE RANGE	\$13-\$30
TYPICAL LEASE RATE	\$18-\$22
VACANCY AND COLLECTION LOSS	12%
OPERATING EXPENSES	\$3.50-\$7.50
CAPTIALIZATION RATE RANGE	7.5%-9%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$16-\$30
TYPICAL LEASE RATE (NNN)	\$18-\$22
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.5%-9%

NEIGHBORHOOD 60: DOWNTOWN RETAIL CORE

OFFICE

LEASE RATE RANGE	\$12-\$30
TYPICAL LEASE RATE	\$18-\$23
VACANCY AND COLLECTION LOSS	10%-15%
OPERATING EXPENSES	\$7.50-\$8.50
CAPTIALIZATION RATE RANGE	7.5%-9%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$16-\$75
TYPICAL LEASE RATE (NNN)	\$30-\$50
VACANCY AND COLLECTION LOSS	2.5%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7%-8.5%

NEIGHBORHOOD 70:DOWNTOWN OFFICE CORE II (NORTH PORTION)

OFFICE

LEASE RATE RANGE	\$15-\$28
TYPICAL LEASE RATE	\$16-\$21
VACANCY AND COLLECTION LOSS	12%
OPERATING EXPENSES	\$5-\$8.50
CAPTIALIZATION RATE RANGE	7.5%-9%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$14-\$50
TYPICAL LEASE RATE (NNN)	\$18-\$30
VACANCY AND COLLECTION LOSS	6%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7%-9%

NEIGHBORHOOD 80: PIKE PLACE MARKET

OFFICE

LEASE RATE RANGE	\$10-\$30
TYPICAL LEASE RATE	\$15-\$25
VACANCY AND COLLECTION LOSS	12%
OPERATING EXPENSES	\$5-\$8
CAPTIALIZATION RATE RANGE	7.50%-9%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$14-\$30
TYPICAL LEASE RATE (NNN)	\$15-\$25
VACANCY AND COLLECTION LOSS	5%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	8%-8.50%

NEIGHBORHOOD 100: DOWNTOWN MIXED COMMERCIAL

OFFICE

LEASE RATE RANGE	\$13-\$28
TYPICAL LEASE RATE	\$15-\$24
VACANCY AND COLLECTION LOSS	12%
OPERATING EXPENSES	\$6-\$7.50
CAPTIALIZATION RATE RANGE	7.75%-8.5%

RETAIL, RESTAURANTS

LEASE RATE RANGE (NNN)	\$15-\$24
TYPICAL LEASE RATE (NNN)	\$18-\$22
VACANCY AND COLLECTION LOSS	10%
OPERATING EXPENSES	10%
CAPTIALIZATION RATE RANGE	7.5%-8.50%

Income approach calibration

The models were calibrated after setting base rents by using adjustments based on size, effective age, construction class, quality, and location as recorded in the Assessor's records.

Parking Income Analysis

Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. No turnaround income was recognized on the daily spaces. A 240 day year was used for calculating daily parking income for the year. The Puget Sound Regional Council 2006 Parking Inventory Survey was utilized as a basis for establishing parking rates in the various neighborhoods in Downtown Seattle. It divides downtown Seattle into 13 neighborhoods and reports rental rates daily, hourly and monthly. A survey completed in 2004 established expense rates.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The market rents as established by the income model were used as a guide in establishing the market rental rates used. The market rental rate applied varies somewhat but falls within an acceptable range of variation from the established guideline. The Senior Appraiser before posting reviewed final values selected.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel in the physical inspection neighborhood was field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

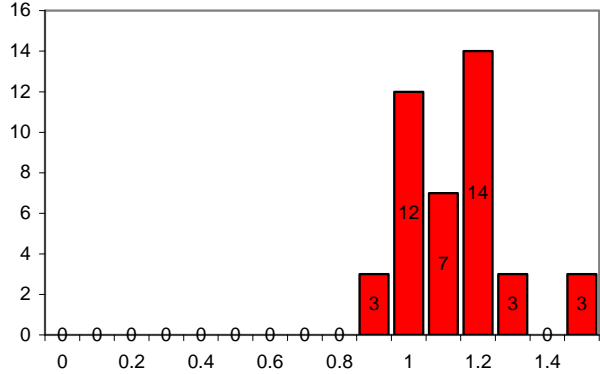
The standard statistical measures of valuation performance are presented the 2006 and 2007 Ratio Analysis charts included in this report. Comparison of the 2006 Ratio Study Analysis and the 2007 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level went from 89.8% to 108.5%. The Coefficient of Dispersion (COD) went from 19.6% to 10.41%, the Coefficient of Variation (COV) went from 25.04% to 13.5%, and the Price-related Differential (PRD) went from .99 to 1.01. Although the ratio study may look a bit aggressive, the market is in a rapidly rising mode and the ratios for older sales are skewed towards values over 1 because the market has eclipsed the older sales.

The total assessed values for area 30 for the 2006 assessment year was \$3,948,769,491 and the total recommended value for the 2007 assessment year is \$4,805,999,500. Application of these recommended values for the 2007 assessment year (taxes payable in 2008) results in an average total change from the 2006 assessments of 21.71%.

2006 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:																								
Central Crew	1/1/2006	3/21/2007	04/1/04 - 01/03/07																								
Area	Appr ID:	Prop Type:	Trend used?: Y / N																								
30	AHAS	Improvement	N																								
SAMPLE STATISTICS																											
Sample size (n)	42	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.4</td><td>4</td></tr><tr><td>0.5</td><td>0</td></tr><tr><td>0.6</td><td>5</td></tr><tr><td>0.7</td><td>5</td></tr><tr><td>0.8</td><td>6</td></tr><tr><td>0.9</td><td>7</td></tr><tr><td>1.0</td><td>8</td></tr><tr><td>1.1</td><td>5</td></tr><tr><td>1.2</td><td>2</td></tr><tr><td>1.3</td><td>0</td></tr><tr><td>1.4</td><td>0</td></tr></tbody></table>		Ratio	Frequency	0.4	4	0.5	0	0.6	5	0.7	5	0.8	6	0.9	7	1.0	8	1.1	5	1.2	2	1.3	0	1.4	0
Ratio	Frequency																										
0.4	4																										
0.5	0																										
0.6	5																										
0.7	5																										
0.8	6																										
0.9	7																										
1.0	8																										
1.1	5																										
1.2	2																										
1.3	0																										
1.4	0																										
Mean Assessed Value	5,900,700																										
Mean Sales Price	6,568,200																										
Standard Deviation AV	9,270,721																										
Standard Deviation SP	9,904,149																										
ASSESSMENT LEVEL																											
Arithmetic mean ratio	0.886																										
Median Ratio	0.919																										
Weighted Mean Ratio	0.898																										
UNIFORMITY																											
Lowest ratio	0.4260																										
Highest ratio:	1.2940																										
Coefficient of Dispersion	19.60%																										
Standard Deviation	0.2219																										
Coefficient of Variation	25.04%																										
Price-related Differential	0.99																										
RELIABILITY																											
95% Confidence: Median																											
Lower limit	0.809																										
Upper limit	1.002	These figures reflect measurements <u>before</u> posting new values.																									
95% Confidence: Mean																											
Lower limit	0.819																										
Upper limit	0.953																										
SAMPLE SIZE EVALUATION																											
N (population size)	452																										
B (acceptable error - in decimal)	0.05																										
S (estimated from this sample)	0.2219																										
Recommended minimum:	67																										
Actual sample size:	42																										
Conclusion:	Uh-oh																										
NORMALITY																											
Binomial Test																											
# ratios below mean:	19																										
# ratios above mean:	23																										
z:	0.46291005																										
Conclusion:	Normal*																										
*i.e., no evidence of non-normality																											

2007 Assessment Year

Quadrant/Crew:	Lien Date:	Date:		Sales Dates:			
Central Crew	1/1/2007	3/21/2007		04/1/04 - 01/03/07			
Area	Appr ID:	Prop Type:		Trend used?: Y / N			
30	AHAS	Improvement		N			
SAMPLE STATISTICS							
Sample size (n)	42	<div style="text-align: center;"> Ratio Frequency  </div>					
Mean Assessed Value	7,127,700						
Mean Sales Price	6,568,200						
Standard Deviation AV	10,537,292						
Standard Deviation SP	9,904,149						
ASSESSMENT LEVEL							
Arithmetic mean ratio	1.092	<div style="border: 1px solid black; padding: 5px;"> These figures reflect measurements <u>after</u> posting new values. </div>					
Median Ratio	1.077						
Weighted Mean Ratio	1.085						
UNIFORMITY							
Lowest ratio	0.8523						
Highest ratio:	1.5204						
Coeffient of Dispersion	10.41%						
Standard Deviation	0.1474						
Coefficient of Variation	13.50%						
Price-related Differential	1.01						
RELIABILITY							
95% Confidence: Median							
Lower limit	1.000						
Upper limit	1.132						
95% Confidence: Mean							
Lower limit	1.048						
Upper limit	1.137						
SAMPLE SIZE EVALUATION							
N (population size)	452						
B (acceptable error - in decimal)	0.05						
S (estimated from this sample)	0.1474						
Recommended minimum:	32						
Actual sample size:	42						
Conclusion:	OK						
NORMALITY							
Binomial Test							
# ratios below mean:	22						
# ratios above mean:	20						
z:	0.15430335						
Conclusion:	Normal*						
*i.e., no evidence of non-normality							

Improvement Sales for Area 030 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
030	010	008600	0760	2,943	2224199	\$950,000	07/18/06	\$322.80	ASIA CONDOMINIUM	IDM-75-	1	Y	
030	010	008600	0770	578	2223191	\$225,000	07/17/06	\$389.27	ASIA CONDOMINIUM	IDM-75-	1	Y	
030	010	524780	1595	18,420	2234060	\$3,096,000	08/29/06	\$168.08	GOVERNOR APARTMENTS	IDM-75-	1	Y	
030	010	524780	2080	29,454	2142128	\$3,100,000	07/26/05	\$105.25	NIPPON KAN/KOBE PARK BUILDING	IDR-150	2	Y	
030	010	524780	2690	8,288	2071796	\$1,350,000	08/16/04	\$162.89	CHINA GATE RESTAURANT	IDM-75-	1	Y	
030	010	884905	0020	132,921	2195881	\$30,947,200	03/29/06	\$232.82	Uwajimaya Village Apts	IDM-75-	1	Y	
030	020	093900	0120	51,597	2050961	\$3,800,000	06/30/04	\$73.65	LOWMAN BLDG - UNITED WAY	PSM-100	1	26	Imp changed after sale; not in ratio
030	020	093900	0140	24,960	2182042	\$2,700,000	01/17/06	\$108.17	HOWARD BUILDING	PSM-100	1	Y	
030	020	228543	0020	2,750	2193492	\$890,000	03/17/06	\$323.64	Retail Condo @ 80 S Jackson Bldg	PSM-100	1	Y	
030	020	228543	0030	1,372	2068552	\$380,000	09/03/04	\$276.97	Retail Condo	PSM-100	1	Y	
030	020	258500	1100	2,938	2178271	\$744,965	12/21/05	\$253.56	FLORENTINE CONDOMINIUM	PSM-85-	1	Y	
030	020	524780	0035	24,000	2154241	\$3,800,000	09/13/05	\$158.33	MAYNARD BUILDING	PSM-100	1	Y	
030	020	524780	0255	64,500	2087304	\$8,750,000	12/01/04	\$135.66	HERITAGE BUILDING	PSM-100	1	Y	
030	020	524780	0255	64,500	2176846	\$10,975,000	12/19/05	\$170.16	HERITAGE BUILDING	PSM-100	1	Y	
030	020	524780	0275	12,247	2170248	\$2,750,000	11/16/05	\$224.54	JACKSON SQUARE BUILDING	PSM-100	1	26	Imp changed after sale; not in ratio
030	020	524780	0280	72,408	2087311	\$8,500,000	12/01/04	\$117.39	F X MC RORY BUILDING	PSM-100	1	Y	
030	020	524780	0330	9,959	2255855	\$1,699,000	12/13/06	\$170.60	NORD APARTMENT AND RETAIL BUILDING	PSM-100	1	Y	
030	020	524780	0335	32,234	2154293	\$7,485,700	09/12/05	\$232.23	SEATTLE QUILT BUILDING	PSM-100	1	Y	
030	020	524780	0335	32,234	2154292	\$7,485,700	09/13/05	\$232.23	SEATTLE QUILT BUILDING	PSM-100	1	Y	
030	020	524780	0365	25,581	2197020	\$3,700,000	03/30/06	\$144.64	UNION TRUST ANNEX-MUSEUM BUILDING	PSM-100	1	Y	
030	020	524780	0440	70,690	2176529	\$14,625,000	12/19/05	\$206.89	OLYMPIC BUILDING (Condo Air Right)	PSM-100	2	Y	
030	020	524780	0555	54,270	2219171	\$8,950,000	06/30/06	\$164.92	INTERURBAN BUILDING (OLD SMITH T)	PSM-100	1	Y	
030	020	524780	0860	6,588	2035395	\$1,175,000	04/30/04	\$178.35	FULTON HOTEL BLDG/FERRIS GAR	PSM-100	1	Y	
030	020	524780	0980	2,400	2052596	\$500,000	06/30/04	\$208.33	BOGART'S ON WASHINGTON	PSM-100	1	Y	
030	020	524780	1085	30,800	2128580	\$3,100,000	06/01/05	\$100.65	3RD AVE ASSOC BUILDING (SEATTLE)	PSM-100	1	Y	
030	020	643700	0010	913	2235421	\$368,000	09/05/06	\$403.07	OUR HOME HOTEL CONDOMINIUM	PSM-100	1	Y	
030	020	643700	0020	1,413	2180256	\$430,000	01/05/06	\$304.32	OUR HOME HOTEL CONDOMINIUM	PSM-100	1	Y	

030	020	643700	0030	770	2054782	\$218,500	06/18/04	\$283.77	Our Home Hotel Condo	PSM-100	1	Y	
030	050	093900	0515	29,702	2041204	\$6,550,000	05/19/04	\$220.52	HOLYOKE BUILDING	DMC-240	1	Y	
030	060	197570	0200	149,884	2095719	\$55,100,000	01/10/05	\$367.62	Middle of Seaboard Center	DRC 85-	2	Y	
030	060	197570	0380	39,940	2161964	\$6,000,000	10/14/05	\$150.23	CENTURY BUILDING	DRC 85-	1	Y	
030	070	065900	0430	22,381	2260204	\$5,200,000	01/03/07	\$232.34	ICON GRILL	DOC2 50	1	Y	
030	070	065900	0435	25,920	2207304	\$6,000,000	05/15/06	\$231.48	SUPERIOR REPROGRAPHICS	DOC2-30	2	Y	
030	070	065900	0710	21,000	2056813	\$2,800,000	07/21/04	\$133.33	JERSEY'S	DOC2-30	1	26	Imp changed after sale; not in ratio
030	070	066000	0705	36,490	2096340	\$5,675,000	01/11/05	\$155.52	RAY & BONAIR APARTMENT	DOC2-30	1	Y	
030	070	066000	0708	48,897	2245628	\$13,450,000	10/26/06	\$275.07	ROFFE BUILDING (THE VANCE CORPOR	DOC2 50	1	Y	
030	080	257028	0220	979	2224381	\$300,000	07/25/06	\$306.44	FIX BUILDING THE CONDOMINIUM	PMM-85	1	Y	
030	080	516065	0890	23,699	2184527	\$6,500,000	01/31/06	\$274.27	Fitness Clubs @ Market Court Con	PMM-85	3	Y	
030	080	766620	2405	39,074	2256926	\$8,450,000	12/14/06	\$216.26	MARKET SQUARE	PMM-85	1	Y	
030	100	066000	0025	5,400	2067933	\$1,243,717	09/01/04	\$230.32	Top Pot Donuts	DMC-240	1	Y	
030	100	066000	2140	11,594	2093635	\$1,273,000	12/28/04	\$109.80	Warehouse	DMC-240	1	26	Imp changed after sale; not in ratio
030	100	066000	2695	9,750	2180915	\$2,800,000	12/19/05	\$287.18	AUTO REPAIR SHOP	DMC-125	2	26	Imp changed after sale; not in ratio
030	100	184305	0030	4,366	2146290	\$1,070,000	08/04/05	\$245.08	Retail Condo @ Crystalla	DMC-240	1	Y	
030	100	184305	0040	3,033	2125186	\$715,000	05/16/05	\$235.74	Retail At Cristalla	DMC-240	1	Y	
030	100	197570	0605	34,000	2197927	\$7,350,000	04/06/06	\$216.18	DOYLE BUILDING	DMC-240	1	Y	
030	100	197720	0020	97,701	2144483	\$23,646,550	08/04/05	\$242.03	FIRST & STEWART BUILDING	DMC-125	1	Y	
030	100	197720	0970	37,874	2028675	\$2,700,000	04/01/04	\$71.29	SAINT REGIS HOTEL	DMC-240	1	26	Imp changed after sale; not in ratio
030	100	197720	1115	13,175	2144989	\$2,470,000	08/04/05	\$187.48	DENNY HILL BUILDING	DMC-240	1	Y	

Vacant Sales for Area 030 with Sales Used

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
030	010	524780	1525	14,400	2218855	\$1,750,000	06/26/06	\$121.53	PARKING LOT	IDR-150	1	Y	
030	010	524780	2065	21,600	2073358	\$2,500,000	09/27/04	\$115.74	BRUCE CAPLAN PARKING LOT	IDR-150	1	Y	
030	020	524780	0955	6,480	2146968	\$1,050,000	08/09/05	\$162.04	Vacant RETAIL STORE	PSM-100	1	Y	
030	020	766620	6897	36,117	2197588	\$6,500,000	04/05/06	\$179.97	Parking Garage	PSM-85-	2	Y	
030	040	094200	0445	14,400	2206707	\$7,600,000	05/11/06	\$527.78	910 FIFTH AVENEU BUILDING	DOC1-45	1	Y	
030	050	197620	0035	22,200	2177335	\$9,875,789	12/22/05	\$444.86	PARKING STRUCTURE GARAGE	DMC-240	1	Y	
030	060	197570	0480	19,062	2034173	\$5,500,000	04/27/04	\$288.53	VACANT BUILDING	DRC 85-	1	Y	
030	060	197720	0990	27,262	2012470	\$10,326,373	01/09/04	\$378.78	SURFACE PARKING LOT (VACANT LAND	DRC 85-	3	Y	
030	070	065900	0410	25,920	2197397	\$10,800,000	04/04/06	\$416.67	Art Gallery	DOC2-30	4	Y	
030	070	065900	0455	12,960	2207303	\$9,000,000	05/15/06	\$694.44	SURFACE PARKING LOT (VACANT LAND	DOC2-30	1	Y	
030	070	065900	0750	5,921	2070643	\$1,865,000	09/16/04	\$314.98	SURFACE PARKING LOT (VACANT LAND	DOC2-30	1	Y	
030	070	065900	0880	7,394	2106372	\$2,450,000	03/08/05	\$331.35	BUDGET RENT-A-CAR	DOC2-30	1	Y	
030	070	066000	0635	7,200	2137651	\$4,500,000	07/08/05	\$625.00	Hana Teriyaki	DOC2-30	1	Y	
030	070	066000	0650	14,400	2038333	\$4,104,000	05/07/04	\$285.00	THRIFTY RENT-A-CAR	DOC2-30	1	Y	
030	070	066000	0670	21,600	2098954	\$11,000,000	01/31/05	\$509.26	Parking Lot	DOC2-30	2	Y	
030	070	066000	0804	27,480	2212755	\$20,600,000	06/08/06	\$749.64	PKG	DOC2 50	2	Y	
030	070	066000	0835	27,268	2164567	\$15,600,000	10/26/05	\$572.10	SURFACE PAVEMENT PARKING LOT (VA	DOC2-30	2	Y	
030	070	066000	0845	14,108	2116649	\$9,000,000	04/20/05	\$637.94	PARKING LOT	DOC2 50	1	Y	
030	070	066000	1580	21,600	2181833	\$7,600,000	01/17/06	\$351.85	"Big House"	DOC2-30	1	Y	
030	070	066000	1595	7,200	2224274	\$3,000,000	07/12/06	\$416.67	RETAIL BLDG	DMC 340	2	Y	
030	100	066000	0040	25,920	2212637	\$10,615,000	06/07/06	\$409.53	Vacant Land	DMC 340	2	Y	
030	100	066000	1215	13,560	2012514	\$2,793,360	01/09/04	\$206.00	DIAMOND PARKING	DMC-240	1	Y	
030	100	066000	1410	3,900	2048971	\$550,000	06/22/04	\$141.03	AMERICAN DREAM USED CARS	DMC-160	1	Y	
030	100	066000	2115	9,960	2167521	\$1,900,000	10/13/05	\$190.76	SURFACE PARKING LOT (VACANT LAND	DMC-240	1	Y	
030	100	066000	2295	11,500	2059765	\$1,375,000	07/28/04	\$119.57	VACANT LAND	DMC-125	1	Y	
030	100	069700	0186	6,480	2090153	\$1,100,000	12/15/04	\$169.75	Western Type & Printing	DMC-240	1	Y	
030	100	197570	0626	16,200	2228786	\$12,500,000	08/06/06	\$771.60	SURFACE PARKING LOT (VACANT LAND	DMC 240	2	Y	
030	100	197570	0646	6,990	2240318	\$3,330,000	09/29/06	\$476.39	Retail	DMC 240	1	Y	